

OPEN MEETING



0000100579

ORIGINAL

MEMORANDUM
RECEIVED

TO: THE COMMISSION

FROM: Utilities Division

DATE: July 13, 2009

RE: IN THE MATTER OF THE APPLICATION OF TRICO ELECTRIC COOPERATIVE, INC. AND TUCSON ELECTRIC POWER COMPANY FOR AN ORDER APPROVING A BORDERLINE AGREEMENT (DOCKET NOS. E-01461A-09-0312 AND E-01933A-09-0312)

2009 JUL 13 P 1:50

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

JUL 13 2009

DOCKETED BY

On June 12, 2009, Trico Electric Cooperative, Inc. ("Trico") and Tucson Electric Power Company ("TEP") filed a Joint Application and Borderline Agreement ("Joint Application") for TEP to provide electric service to a residential customer, Mr. James Davis ("Davis property"). Both Trico and TEP are engaged in providing electric service within portions of Pima County, Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission").

The Davis property is located within Trico's certified territory. According to the Joint Application, the estimated cost to establish the requested single-phase service to the Davis property by Trico was established at \$45,508.00. Staff contacted Trico regarding removing the cost of 600 feet from its estimate, because Trico allows 600 feet of free footage. After this adjustment (and an additional minor adjustment), Trico revised its cost estimate to \$25,000. The nearest Trico facilities are more than 1,970 feet from Davis property. However, TEP's nearest facilities are less than 500 feet from the Davis property. The cost to establish the requested single-phase service to the Davis property would be at no cost, if served by TEP. The customer could also receive a second service from TEP at \$112.00.

In Section IV of the Joint Application and Borderline Agreement, filed June 12, 2009, Trico reserves the right to provide electric service to the Davis property when Trico determines that it is economically feasible to do so. If Trico chooses to exercise the right to serve the Davis property, Trico will compensate TEP for any TEP facilities used by Trico in order to provide service.

The Joint Application and Borderline Agreement included copies of both Trico's and TEP's applicable tariff pages. According to the tariff pages submitted, the customer would also benefit from the lower single-phase residential rates provided by TEP.

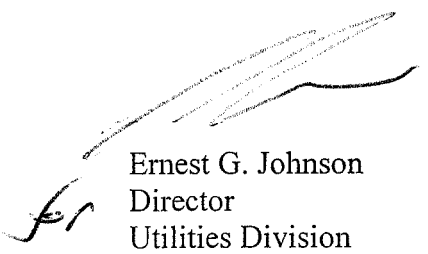
Staff believes that the Borderline Agreement between Trico and TEP is a reasonable solution to allow extension of electric service to the Davis property and is in the public interest. Therefore, Staff recommends the Commission approve the Borderline Agreement between Trico and TEP. In addition, Staff recommends that TEP be required to notify the Commission prior to

THE COMMISSION

July 13, 2009

Page 2

exercising its right to provide service to the Davis property. Staff further recommends that the Commission specify in its Order that approval of the Borderline Agreement at this time does not guarantee any future ratemaking treatment of the Borderline Agreement between Trico and TEP.



Ernest G. Johnson
Director
Utilities Division

EGJ:KS:lhmkOT

ORIGINATORS: Kiana Sears

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 KRISTIN K. MAYES
 Chairman

3 GARY PIERCE
 Commissioner

4 PAUL NEWMAN
 Commissioner

5 SANDRA D. KENNEDY
 Commissioner

6 BOB STUMP
 Commissioner

7
8 IN THE MATTER OF THE APPLICATION
9 OF TRICO ELECTRIC COOPERATIVE,
10 INC. AND TUCSON ELECTRIC POWER
11 COMPANY FOR AN ORDER APPROVING
12 A BORDERLINE AGREEMENT

DOCKET NOS. E-01461A-09-0312
 E-01933A-09-0312

DECISION NO. _____

ORDER

13 Open Meeting
14 July 28 and 29, 2009
15 Phoenix, Arizona

16 BY THE COMMISSION:

17 FINDINGS OF FACT

18 1. Trico Electric Cooperative, Inc. ("Trico") and Tucson Electric Power Company
19 ("TEP") are engaged in providing electric service within portions of Arizona, pursuant to authority
20 granted by the Arizona Corporation Commission ("Commission" or "ACC").

21 2. On June 12, 2009, Trico and TEP filed a Joint Application and Borderline
22 Agreement ("Joint Application") for TEP to provide electric service to a residential customer,
23 Mr. James Davis ("Davis property"). Both Trico and TEP are engaged in providing electric
24 service within portions of Pima County, Arizona, pursuant to authority granted by the
25 Commission.

26 3. The Davis property is located within Trico's certified territory. According to Trico,
27 the estimated cost to establish the requested single-phase service to the Davis property by Trico is
28 approximately \$25,000. The nearest Trico facilities are more than 1,970 feet from the Davis

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1 property and less than 500 feet from the nearest TEP facilities. Therefore, TEP can serve at no
2 cost for the connection of the primary service. TEP can also provide a second service at an
3 approximate cost of \$112.00.

4 5. In Section IV of the Joint Application and Borderline Agreement, filed June 12,
5 2009, Trico reserves the right to provide electric service the Davis property when Trico determines
6 that it is economically feasible to do so. If Trico chooses to exercise the right to serve the Davis
7 property, Trico will compensate TEP for any TEP facilities used by Trico in order to provide
8 service.

9 6. The Joint Application and Borderline Agreement included copies of both Trico's
10 and TEP's applicable tariff pages. According to the tariff pages submitted, the customer would
11 also benefit from the lower single-phase residential rates provided by TEP.

12 7. Staff believes that the Borderline Agreement between Trico and TEP is a
13 reasonable solution to allow extension of electric service to the Davis property and is in the public
14 interest.

15 8. Staff recommends the Commission approve the Borderline Agreement between
16 Trico and TEP.

17 9. Staff recommends that TEP be required to notify the Commission prior to
18 exercising its right to provide service to the Davis property.

19 10. Staff further recommends that the Commission specify in its Order that approval of
20 the Borderline Agreement at this time does not guarantee any future ratemaking treatment of the
21 Borderline Agreement between Trico and TEP.

22 CONCLUSIONS OF LAW

23 1. Trico and TEP are Arizona public service corporations within the meaning of
24 Article XV, Section 2, of the Arizona Constitution.

25 2. The Commission has jurisdiction over Trico and TEP and over the subject matter of
26 the Application.

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1 3. The Commission, having reviewed the application and Staff's Memorandum dated
2 July 13, 2009, concludes that it is in the public interest to approve the Borderline Agreement
3 between Trico and TEP.

4 ORDER

5 IT IS THEREFORE ORDERED that the Borderline Agreement between Trico Electric
6 Cooperative, Inc. and Tucson Electric Power Company for service to the Davis property is hereby
7 approved as discussed herein.

8 IT IS FURTHER ORDERED that Tucson Electric Power Company notify the Commission
9 prior to exercising its right to provide service to the Davis property.

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1 IT IS FURTHER ORDERED that approval of the Borderline Agreement at this time does
2 not guarantee any future ratemaking treatment of the Borderline Agreement between Trico Electric
3 Cooperative, Inc. and Tucson Electric Power Company.

4 IIT IS FURTHER ORDERED that this Order shall become effective immediately.

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6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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8 _____
CHAIRMAN

COMMISSIONER

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10 _____
COMMISSIONER

COMMISSIONER

COMMISSIONER

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12 IN WITNESS WHEREOF, I, MICHAEL P. KEARNS, Interim
13 Executive Director of the Arizona Corporation Commission,
14 have hereunto, set my hand and caused the official seal of this
15 Commission to be affixed at the Capitol, in the City of Phoenix,
16 this _____ day of _____, 2009.

17 _____
18 MICHAEL P. KEARNS
19 INTERIM EXECUTIVE DIRECTOR

20 DISSENT: _____

21 DISSENT: _____

22 EGJ:KS:lhmkOT
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1 SERVICE LIST FOR: Trico Electric Cooperative, Inc. and Tucson Electric Power Company
2 DOCKET NOS. E-01461A-09-0312 and E-01933A-09-0312

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4 Right of Way Coordinator
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8 Marana, Arizona 85653-0930

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10 Director Regulatory Services
11 One South Church Avenue
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15 Director, Utilities Division
16 Arizona Corporation Commission
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19 Ms. Janice M. Alward
20 Chief Counsel, Legal Division
21 Arizona Corporation Commission
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